



UNITED STATES MARINE CORPS  
MARINE CORPS AIR GROUND COMBAT CENTER  
TWENTYNINE PALMS, CALIFORNIA 92278-5000

CCO 12531.1C  
201-111  
15 Dec 92

COMBAT CENTER ORDER 12531.1C

From: Commanding General  
To: Distribution List

Subj: SUPERVISORY DIFFERENTIALS

Ref: (a) FPM 531.3 (NOTAL)  
(b) CPI 531.3 (NOTAL)  
(c) ASD Memo of 4 May 92 (NOTAL)  
(d) CCO 12511.1D

1. Purpose. To establish procedures pertaining to the use of supervisory differentials for General Schedule (GS) employees who supervise one or more civilian employees not covered by the GS system who, but for the differential, would be paid more than the GS supervisor.
2. Cancellation. CCO 12531.1B.
3. Background. References (a) and (b) describe the basic requirements for increasing pay rates of GS supervisors when, because of differences between the two pay systems, GS supervisors receive a lower pay rate than their highest paid non-GS subordinate. If both administrative and technical supervision are exercised by the GS supervisor over one or more non-GS employees and the supervisor is paid a lower basic pay rate, an adjustment to the supervisor's pay may be authorized if the nature of supervision meets established criteria listed below. Reference (c) provides further guidance as set forth in the Department of Defense (DoD) plan for the payment of supervisory differentials.
4. Supervisory Differential Determination and Approval. The authority to approve supervisory differentials is delegated to officials who exercise personnel appointing authority. This delegation is made through the Secretary of the Navy via the Commandant of the Marine Corps to the Commanding General of the Marine Corps Air Ground Combat Center.
5. Eligibility Criteria. A supervisory differential may be paid to an employee who meets the following criteria:
  - a. The employee occupies a GS position, including a position under the Performance Management and Recognition System.
  - b. The employee meets the definition of supervisor in 5 U.S.C. 7103(A).
  - c. The employee is responsible for providing direct, technical supervision over the work of one or more civilian employees whose positions are not GS and one or more of the subordinates would, in the absence of the differential, be paid more than the supervisory employee.

15 Dec 92

d. The employee's supervisory responsibilities must be continuing as reflected in their official position description. The responsibility for supervision must include having relatively frequent personal contact with the subordinate in connection with assigned work and performing the following:

(1) Determining assignments of duties for individual subordinates;

(2) Making reviews of work products of subordinate employees where the reviews require a substantial subject matter or technical knowledge;

(3) Planning and organizing work with primary emphasis on distribution of assignments, employees' workloads, work item priorities, and schedules for timely completion of work items, projects, or cases;

(4) Providing advice, assistance, counsel, or instructions to the subordinate employees;

(5) Evaluating the performance of the subordinate employees; and

(6) Serving as the focal point for discussion of problems arising from or associated with specific work products of the unit produced by the subordinate employees.

#### 6. Payment of Supervisory Differential

a. The supervisory differential shall be paid in the same manner and at the same time as basic pay although it shall not be considered a part of basic pay.

b. In deciding whether to use a supervisory differential and in determining the amount of the differential, the pay of other supervisors in the organizational component must be considered along with the relationship of the pay of the supervisor to the subordinate. A supervisory differential should be authorized only when there is a pay disparity between the supervisor and the highest paid non-GS subordinate. Care should be exercised in granting a supervisory differential when the difference in pay is so close that the differential will have to be reduced or terminated with every pay action taken on either the supervisor or the subordinate.

c. Supervisory differentials will be effective the first day of the first pay period after the date of approval.

#### 7. Calculation of the Supervisory Differential

a. The supervisory differential may not cause the supervisor's continuing pay to exceed the continuing pay of the highest paid non-GS subordinate by more than 3 percent.

b. Continuing pay for the supervisor includes basic pay, including a retained rate of pay; locality-based comparability of an interim geographic adjustment; staffing differential; retention allowance; premium pay paid on an annual basis; and any other continuing payment including cost-of-living allowances. Continuing pay for a supervisor does not include night, Sunday or holiday premium or a hazardous duty differential.

c. Continuing pay for the subordinate employee includes, but is not limited to, basic pay, including retained grade pay; locality-based payments; interim geographic adjustments; and premium pay paid on an annual basis. Continuing pay for the subordinate does not include a retention allowance; retained rate of pay; night, Sunday, or holiday premium pay or environmental pay.

#### 8. Reduction or Termination of the Supervisory Differential

a. The continuing pay of both the supervisor and the subordinate must be carefully monitored to ensure that termination or reduction requirements are met.

b. The supervisory differential must be terminated when the supervisor's continuing pay (not including the differential) exceeds that of the highest paid non-GS subordinate.

c. The differential must be reduced or terminated when the continuing pay of the supervisor (including the differential) exceeds that of the highest paid non-GS subordinate by more than 3 percent.

d. The supervisory differential must be reduced or terminated when the non-GS subordinate whose pay was the basis for the differential leaves a supervised position or experiences a reduction in pay.

e. Required reductions or terminations in supervisory differentials will be effected not later than 30 days after the date which causes the reduction or termination to be necessary.

f. If required reductions and terminations are not made in a timely manner, the resulting payments are overpayments of pay and are subject to collection or, as appropriate, waiver. Supervisors who are granted a supervisory differential must be informed of the requirements for reduction or termination of the differential at the time the differential is granted.

g. In addition to the mandatory reductions or terminations, approving officials may alter or terminate the differential for discretionary reasons. For example, the pay disparity is not sufficient enough to warrant the administrative burden of granting the differential.

#### 9. Documentation and Record Keeping

a. Documentation shall contain sufficient information for the reconstruction of the action including the basis for determining the amount of the differential and the comparison of continuing pay.

b. Notification of approvals, disapprovals, reductions, or terminations will be made in writing, and will be filed in the employee's Official Personnel File (OPF) along with the Standard Form 50 (SF-50) indicating the appropriate action.

#### 10. Action

a. Directors, Commanding Officers, and officers-in-charge of civil service personnel will:

(1) Determine whether any situation exists whereby a GS supervisor is administratively and technically responsible for the work of a non-GS subordinate and is receiving a lower basic rate of pay than the highest paid subordinate.

(2) If at all possible, realign work assignments and/or organizational structures to eliminate the situation.

(3) If the work situation cannot be eliminated, ensure that the duties statement of the position reflect the requirement for the incumbent to provide such supervision. A statement should also be added to the Remarks block of the Optional Form 8, Position Description, to show:

(a) The organization has been reviewed and it is believed that it cannot operate efficiently and effectively if the GS employee does not continue to exercise technical supervision over the non-GS employee.

(b) The situation meets the standards for providing supervisory differentials whenever the pay of the highest paid non-GS employee exceeds the pay of the incumbent.

(4) If all required criteria are met, forward a recommendation for supervisory differential to the Human Resources Officer (HRO). The recommendation will fully substantiate and justify the requirement to continue the supervisory situation.

(5) Monitor approved supervisory differentials to determine if conditions warranting the allowance continue to exist and forward to the HRO notification of any change in conditions that may be covered by paragraph 8 above.

b. The HRO or designated representative will:

(1) Assist supervisors in exploring alternate organizational structures in order to eliminate a potential supervisor differential payment.

(2) Review the data contained in position descriptions, other pertinent records and work site audits, in order to make recommendations regarding the applicability of this Order to each submission for supervisory differential. This will include ensuring the validity of the duties and organizational structure per reference (d).

(3) Review all documentation pertaining to each request ensuring regulatory compliance.

(4) Forward recommendations to the Commanding General for approval or disapproval.

(5) Carefully monitor the pay of both supervisor and subordinate and initiate appropriate action based on any change in pay status that may warrant termination or reduction of the supervisory differential.

(6) Maintain documentation of approvals, disapprovals, terminations, and reductions ensuring notification and filing requirements are met.

c. Employees granted supervisory differential will notify HRO upon termination of or change in the pay disparity which originally resulted in the approval of the differential.

11. Summary of Revision. This Order has been substantially revised and should be read in its entirety. This revision provides changes pertaining to the reduction and termination of supervisory differentials and the calculation of differentials. This revised Order also incorporates the DoD plan pertaining to supervisory differentials.

12. Applicability. This Order is applicable to all Combat Center units and tenant units with civil service employees.

A handwritten signature in black ink, appearing to read "P. M. Iverson", with a stylized, cursive script.

P. M. IVERSON  
Chief of Staff

DISTRIBUTION: A-2 plus HRO (50)